



The President's Daily Brief

2 September 1971

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

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PRINCIPAL DEVELOPMENTS

On *Page 1* we comment on the unusual number of foreign trips that top Soviet leaders will be making over the next few months.

The latest satellite photography of the Soviet missile test center at Sary Shagan showed what appears to be a new ABM canister mounted on a new type of support vehicle. (*Page 3*)

Removal of Ky's name from the ballot means that the South Vietnamese presidential election will in effect be a referendum on Thieu's leadership. (*Page 4*)

South Vietnam's Lower House elections went fairly well for Thieu, but he still faces some rough political sledding against opposition elements. (*Page 5*)

The latest international economic developments are discussed on *Page 6*.

Lanusse is dispatching a personal envoy to Washington to discuss Argentina's desire for massive financial assistance. (*Page 7*)

South Korea

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USSR

Top Soviet leaders will be making a number of foreign trips over the next few months.

--Gromyko will visit the UN in mid-September. According to Ambassador Dobrynin, Gromyko has no firm dates in mind since he would like to "coordinate" his stay in New York with Secretary Rogers' plans.

--Gromyko is coming to Washington 29-30 September.

--Brezhnev will go to Yugoslavia in late September.

--Podgorny is to visit Hanoi in early October, and will attend the Shah of Iran's gala in Teheran on 14-15 October.

--Kosygin will be in Canada from 18-26 October; this trip will also take him to other countries, among them Algeria.

--Brezhnev and Podgorny will go to France at the end of October.

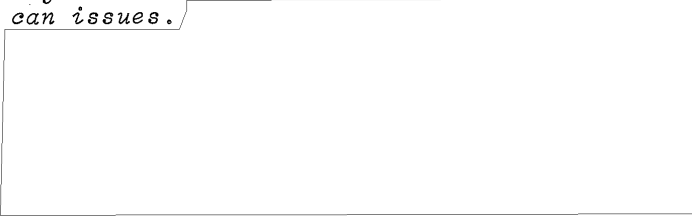
--Kosygin is slated to visit Norway in the first half of December.

Most of these trips have been in the planning stage for several months and reflect a wide variety of policy objectives. Several apparently are related to a Soviet effort to inject new life into their diplomacy as a means of countering Peking's growing international stature. There are, in fact, reports that several of the countries on the Soviet itineraries will also be hosting delegations from Peking soon. The last time we observed a similar penchant for travel was in January 1966, when Brezhnev, Kosygin, and Shelepin were respectively in Ulan Bator, Tashkent (to mediate the Indo-Pakistani crisis over Kashmir), and Hanoi. Their common goal at that time was to strengthen Moscow's position in countries near China.

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Related to the Soviet desire to counter the Chinese is Moscow's interest in demonstrating an ability to pursue various matters of substance with the US while implying that such matters outweigh Sino-American issues.

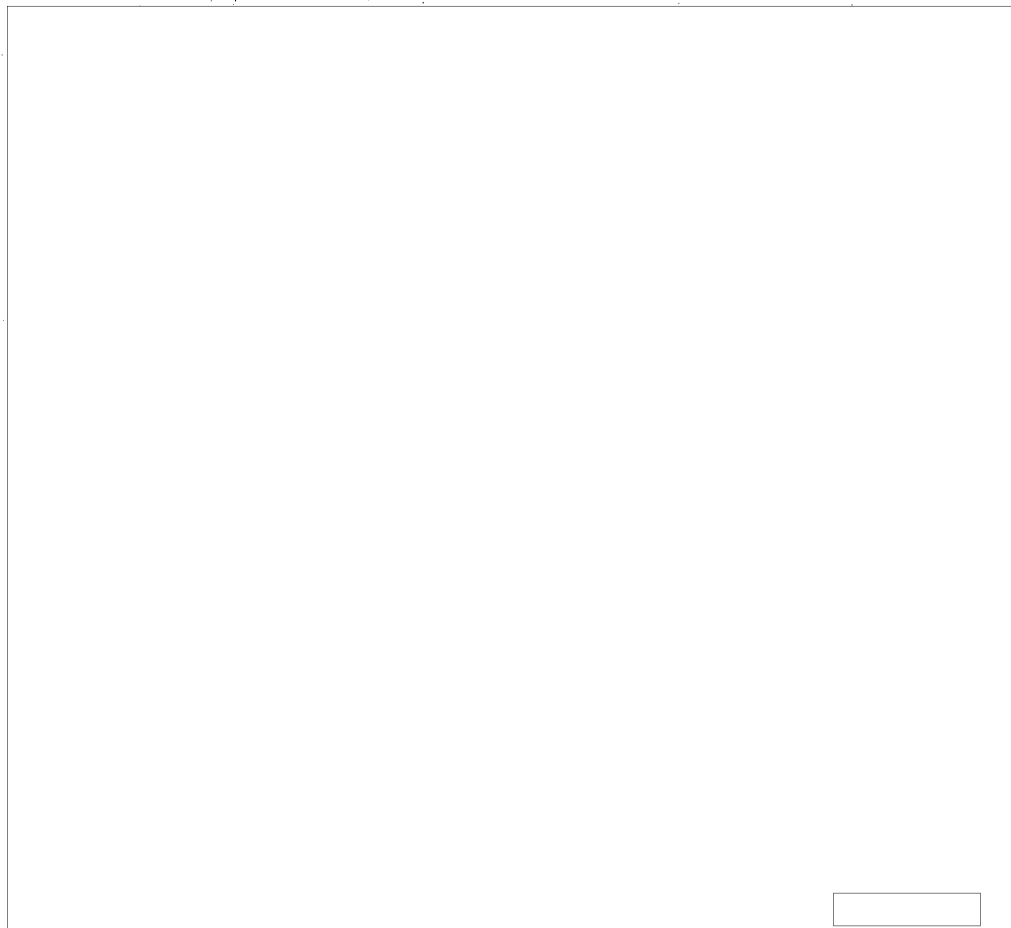


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In the course of their visits the Soviet leaders will certainly try to line up support for various Soviet proposals relating to European security matters. They have been quick to conclude their travel plans after progress was achieved on Berlin--the problem which in the past has blocked the forward movement of Soviet policies in Western Europe.

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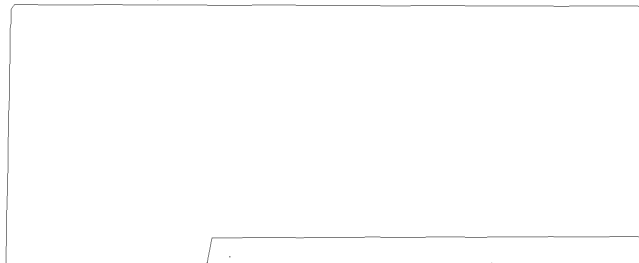


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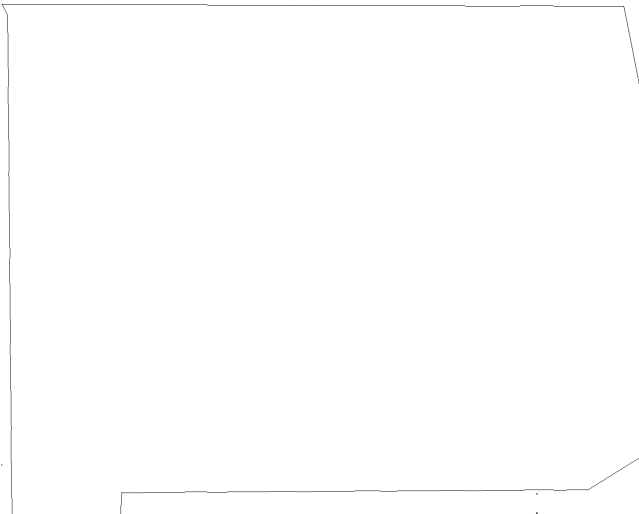
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USSR

The latest satellite photography of the Sary Shagan missile test center showed what appears to be a new ABM canister mounted on a new type of ABM support vehicle. The canister and vehicle were photographed at a facility where testing of a new large ABM has been under way since last fall.



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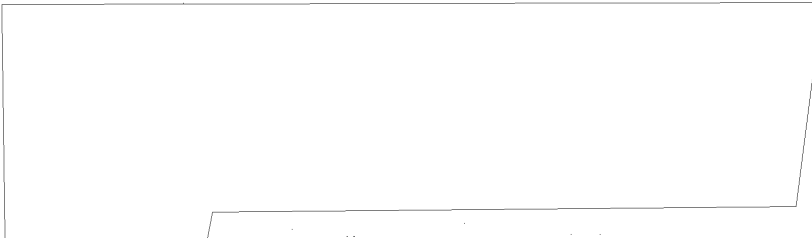
SOUTH VIETNAM

The removal of Vice President Ky's name from the presidential election ballot means the election will in effect be a referendum on Thieu's leadership.



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Thieu may clarify his intent in a national television appearance in the next day or so.



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SOUTH VIETNAM

The government, which weathered last Sunday's Lower House elections fairly well, still faces some rough political sledding against opposition elements. It seems likely that, as in the past, Thieu will be able to muster enough support in the House to secure passage of all but the most controversial of his legislative requests. Thieu says that about 60 percent of the deputies will support him. Only a minority of the incumbents won re-election, however, and the political affiliation of about a fifth of the new deputies is unclear. Hence, the actual political line-up will not be certain until after the House reconvenes in the fall.

Political opposition in the Lower House centers on about 25 deputies associated with the An Quang Buddhists and may be somewhat larger and more cohesive than in the past. Some of the militant Buddhists charge that Big Minh's withdrawal from the presidential race discredited the entire election process and justifies demonstrations and other extralegal antigovernment activities.

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INTERNATIONAL ECONOMIC DEVELOPMENTS

The slowly appreciating yen closed about six percent above the old yen-dollar parity in relatively stable trading yesterday. Japanese financial authorities have imposed stringent new controls on the foreign exchange operations of commercial banks to limit fluctuation in the foreign exchange market.

Moscow is maintaining the ruble-to-dollar rate, making it necessary to take account of the changing rates of exchange between the dollar and other foreign currencies.

This adjustment of the ruble against other major hard currencies announced yesterday will not affect either the international monetary situation or Soviet foreign trade. The ruble, a nonconvertible currency, is essentially a bookkeeping device. As such, its devaluation will serve only to translate correctly into rubles the value of Soviet trade conducted in hard currencies.

The deputy finance ministers from five European Community (EC) countries and the US, UK, Canada, Japan, and Sweden will convene tomorrow to discuss multilateral currency realignment prior to the planned meeting of the Group of Ten's finance ministers in London in mid-September.

The EC Monetary Committee will meet in Brussels today to prepare for the deputies' meeting, but bilateral talks between West Germany and France have failed to bring agreement and this will inhibit progress toward a common position.

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ARGENTINA

President Lanusse is dispatching a personal envoy to President Nixon in an apparent effort to present his case for US support of his government in the form of \$500-600 million in financial assistance.

Lanusse has requested such assistance through embassy channels on several occasions in the past two months but has dismissed suggestions that he turn to multilateral sources--such as the International Monetary Fund--apparently in the belief that he need only present his case strongly enough to obtain what he wants. His rationale is that Argentina serves US interests in the southern part of Latin America where it is a force for stability in an area that includes the Marxist-governed Chile, an unsettled Uruguay, and chronically unstable Bolivia, and that the US should, therefore, be willing to help bail the Lanusse government out of its current economic difficulties.

The envoy, Dr. Ismael Bruno Quijano, a well-known international lawyer, would tell Ambassador Lodge only that the message he carried was of "transcendental" importance. He said that Lanusse was approaching a decisive period that will determine Argentina's future orientation and international alignment and that he wanted President Nixon to be fully apprised of these vital decisions.

Other matters that Quijano may hope to discuss in Washington are Argentina's request for exemption from the ten-percent import tax and the China problem.

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NOTES

South Korea - USSR:

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Pakistan: By appointing A. M. Malik, a Bengali civilian, as governor of East Pakistan, Yahya clearly hopes to improve prospects for Bengali cooperation with the government and to lessen foreign criticism of his East Pakistan policy. The outgoing governor and martial law administrator, Lieutenant General Tikka Khan, is a West Pakistani who has been the focus of charges of army brutality. His successor as martial law administrator, however, is the army commander in the east who has had even more direct authority over the troops. Yahya, in any event, will retain ultimate control.

Pakistan:

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